

FISCAL NOTE FOR CAPITAL PROJECTS ONLY

Department:	Contact Person/Phone:	CBO Analyst/Phone:
FAS	Michael Van Dyck 4-8347	Candice Livingston 3-7274

Legislation Title:

AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the issuance and sale of unlimited tax general obligation bonds and bond anticipation notes, and authorizing the loan of funds from various City funds, to pay all or part of the costs of the design, construction, renovation, improvement and replacement of the Alaskan Way seawall and associated public infrastructure, as authorized at the November 6, 2012 election, and to pay the costs of issuing and selling the bonds and the notes; providing for terms and sale of the bonds and the notes; creating a project fund; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

This legislation provides the legal authorization to issue up to \$290 million of Unlimited Tax General Obligation (UTGO) bonds for the Alaska Way Viaduct Seawall in multiple series as approved by voters. It also authorizes interim financing, such as inter-fund loans, to bridge the time period between bond issues, should the project cash-flow require it. The cost of all financing shall be repaid from the dedicated excess property taxes authorized by voters.

On November 6, 2012 voters approved Proposition 1 for the Alaskan Way Seawall Replacement Project. This legislation provides the legal authorization to issue up to \$290 million of unlimited tax general obligation bonds for this purpose and describes the technical terms of short and long term financing including registration of the bonds, how bondholders are paid, redemption of the bonds, and the specific form of bonds to be issued. Debt service will be paid from the dedicated excess property tax levy approved by voters. Bonds are expected to be issued in multiple series to meet the cash-flow requirements of the project.

The annual debt service for the full \$290 million voter-approved is estimated to be \$19 million per year over a 30-year period, assuming a 5% interest rate. Once the full \$290 million in debt has been issued, the annual impact to property owners is projected to about \$59 for a median-value home of approximately \$360,000.

Please check any of the following that apply:

☐ **This legislation creates, funds, or anticipates a new CIP Project.**
(

☐ **This legislation does not have any financial implications.**

X This legislation has financial implications.

Appropriations:

Appropriations Notes: Please see the City's Adopted 2013 Budget.

Spending Plan and Future Appropriations for Capital Projects:

Spending Plan and Budget Notes: Please see the City's Adopted 2013-2018 Capital Improvement Program.

Funding Source:

(Identify funding sources including revenue generated from the project, and the expected level of funding from each source. When applicable, make a notation indicating the source of funds is paying for debt service.)

Funding Source (Fund Name and Number, if applicable)	2013	2014	2015	2016	2017	2018	2019, forward
UTGO Bond Interest and Redemption Fund (voted excess property taxes)	TBD	TBD	TBD	TBD	\$19 m	\$19 m	\$19 m
TOTAL	TBD	TBD	TBD	TBD	\$19 m	\$19 m	\$19 m

Funding Source Notes: Debt service shall be paid by the voter-approved excess property tax levy.

Bond Financing Required:

(If the project or program requires financing, please list type of financing, amount, interest rate, term and annual debt service or payment amount. Please include issuance costs of 3% in listed amount.)

Type	Amount	Assumed Interest Rate	Term	Timing	Expected Annual Debt Service/Payment
UTGO Bonds	\$290 m	5%	30	2013-2016	\$19 m
TOTAL	\$290 m				\$19 m

Bond Notes:

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

The City will be obligated to pay annual debt service on these bonds through their term from the dedicated excess property tax revenue approved by voters.

b) What is the financial cost of not implementing the legislation?

Approval of Proposition 1 requires the City to issue these bonds for the Alaskan Way Seawall Project

c) Does this legislation affect any departments besides the originating department?

This legislation affects FAS and SDOT.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

None.

e) Is a public hearing required for this legislation?

None

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues:

List attachments to the fiscal note below: